

## **II) REMARKS**

Claims 1-5 have been amended as set forth herein. Claims 7-20 have been cancelled. Claims 23 and 24 have been added.

Thus, claims 1-6 and 21-24 are pending.

The Examiner has rejected claims 1-10, 21 and 22 under 35 USC 101 as being allegedly directed towards non-statutory subject matter. Although Applicant believes that the claims as presented pass muster under 35 USC 101, Applicant has amended claims 1-3 and 5 herein in order to expedite allowance of this application.

Claim 1 now provides for a method of operating a reward points system in conjunction with a computer network, which is interconnected to at least one issuing bank computer operated by an issuing bank that issues a card to a user in association with a user payment account at the issuing bank computer. The computer network is also interconnected to at least one acquiring bank computer operated by an acquiring bank that collects payment from the user payment account at the issuing bank computer and pays the merchant when the user presents the card to the merchant in association with a purchase transaction. The method of claim 1 includes providing a reward point account database in a central reward server computer that interoperates with the computer network, the reward point account database storing a plurality of individual user reward point accounts in association with each of a plurality of independently operating merchants. A user executes a purchase transaction with a transacting merchant selected from said plurality of independently operating merchants by presenting the card to the

transacting merchant for payment of at least part of the transaction. A transacting merchant computer, operating in association with the transacting merchant, transmits via the computer network a request to an acquiring bank computer to obtain approval of the purchase transaction from an issuing bank computer. The request includes the user payment account ID as obtained from the card. The transacting merchant computer also transmits an instruction to the central reward server computer to add reward points to a user reward point account in the reward point account database, the user reward point account being associated with the transacting merchant and the user payment account ID. Support for this amendment may be found for example at page 11-18 of the specification; thus, no new matter has been added.

Claim 1 as amended clearly passes the test for statutory subject matter set forth by the Court of Appeals for the Federal Circuit in the case of In re Bilski, 545 F.3d 943, 88 USPQ2d 1385 (Fed. Cir. 2008). In Bilski, the Federal Circuit stated that "a claimed process is surely patent-eligible under §101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." It is clear that claim 1 recites process steps that are implemented on an issuing bank computer, an acquiring bank computer, a central reward server computer, and a transacting merchant computer, all of which interoperate over a computer network. In particular, claim 1 provides that a transacting merchant computer transmits via the computer network (i) a request to an acquiring bank computer to obtain approval of a purchase transaction from an issuing bank computer and (ii) an instruction to the central reward server computer to add reward points to a user reward point account in the reward point

account database. Claim 1 thus meets the first test of the Bilski case, as it is tied to a particular machine or apparatus. Claims 2-6, 10, 21 and 22 all depend from claim and incorporate the same limitations and are therefore also patentable under 35 USC 101.

The Examiner maintains his prior rejections of the claims as follows. The Examiner has rejected claims 1-3, 5-7, 21 and 22 under 35 USC 103(a) as being unpatentable over Harris et al. (USP 6,014,635) in view of Walker et al (USP 6,327,573). The Examiner rejected claim 4 under 35 USC 103(a) as being unpatentable over Harris et al. (USP 6,014,635) in view of Walker et al (USP 6,327,573) as applied to claim 3, in further view of Klayh (US 2003/0050831). The Examiner rejected claim 10 under 35 USC 103(a) as being unpatentable over Harris et al. (USP 6,014,635) in view of Walker et al (USP 6,327,573) as applied to claim 3, in further view of Blagg et al (USP 7,076,465). Applicant respectfully disagrees with the interpretation of the references as they allegedly apply to the Applicant's claims as explained in the prior Amendment filed on November 6, 2008. Applicant also addresses herein several points reiterated by the Examiner in the current Office action.

The Examiner states the following:

Applicant argues the central reward server of claim 1 of the instant invention contains a database in which ***each*** of a plurality of independently operating merchants have a ***plurality of individual user reward point accounts*** [Remarks page 12, 2nd paragraph]. However, Examiner respectfully disagrees.

**Walker** discloses the frequent shopper database which may comprise a centralized database that stores information associated with all frequent shoppers

participating in a particular frequent shopper program or promotion [column 8 lines 18-45]. Examiner interprets each frequent shopper as having a separate account.

Office action, page 4, paragraph 7 (emphasis original). The Applicant is unclear as to what the Examiner is disagreeing with in the quote above. It is clear that claim 1 (as amended) recites the step of:

providing a reward point account database in a central reward server computer that interoperates with the computer network, the reward point account database storing a ***plurality of individual user reward point accounts in association with each of a plurality of independently operating merchants***

Claim 1 as amended (emphasis added). This clearly recited claim limitation is not taught or suggested by the prior art of record. The passage from Walker that is relied on by the Examiner is not on point:

The frequent shoppers database 400A contains information associated with frequent shoppers (i.e., members/account holders) as previously described with respect to the member or account holder 304-1. That is, the frequent shoppers database 400A may comprise a centralized database that stores information associated with all frequent shoppers participating in a particular frequent shopper program or promotion. The frequent shopper's rules database 400B comprises a database that provides all the rules associated with a particular frequent shopper program or promotion that are applicable to all participants in that program. The frequent shoppers rules database 400B may also include those rules associated with particular members or account holders (i.e., reward rules 314 as described above), such that a centralized relational database may be used to store all shopper and rules information. The frequent shoppers database 400A and frequent shoppers rules database 400B are used with in the context of a

transaction 320 to assess reward points based upon the transaction itself and appropriately credit those reward points to the proper member's or account holder's account. The reward program 340 is used to determine the actual reward level associated with a particular transaction. For example, a transaction having a monetary value of \$100 may be assessed, e.g., one hundred points and in the case of an affinity frequent flyer program, an additional one hundred frequent flyer miles. The frequent shopper rules database 400B will be described in more detail below with respect to FIGS. 4B and 4C.

Walker, column 8 lines 18-45 (emphasis added). Although Walker may disclose a central database in which multiple frequent shoppers have accounts (see underlined text above), Walker does not disclose that the centralized database contains records from a plurality of merchants, each of which has associated therewith a plurality of individual user reward point accounts, as presently claimed.

In addition, Applicant has amended claim 1 to clarify its invention with respect to the prior art. As stated in amended claim 1, the transacting merchant computer transmits two messages during the purchase transaction. One of the messages is a request to an acquiring bank computer to obtain approval of the purchase transaction from the issuing bank computer, using the user payment account ID from the card presented by the user (e.g. the user's credit card number). This is akin to a typical credit card (or debt card) approval process known in the art. In addition, the transacting merchant computer transmits an instruction to a central reward server computer to add reward points to a user reward point account in the reward point account database. Notably, the user reward point account is associated with the transacting merchant and with the user payment account ID, which is the same ID used by the transacting

merchant computer to obtain approval of the payment by the user. This is not taught or suggested by the prior art of record.

As stated above, the Examiner is interpreting the Walker reference, in which a centralized database stores information associated with all the frequent shoppers "as having a separate account". However, claim 1 recites a reward point account database that stores a plurality of individual user reward point accounts in association with each of a plurality of independently operating merchants. Walker does not teach that the database stores such accounts for a plurality of independently operating merchants. Furthermore, claim 1 requires that the transacting merchant computer transmits an instruction to the central reward server computer to add reward points to a user reward point account in the reward point account database, the user reward point account being associated with the transacting merchant and the user payment account ID. This is the same user payment account ID that that is obtained from the card presented by the user, and which the transacting merchant computer transmits via the computer network in a request to an acquiring bank computer to obtain approval of the purchase transaction. Neither Harris or Walker teach these limitations as set forth in claim 1, whether taken alone or in combination.

Claim 1 is allowable over the cited prior art for at least the reasons set forth above. Claim 2, which is dependent from claim 1, is also allowable for at least the same reasons.

Claim 3 depends from claim 1 and adds the limitations of establishing a reward point exchange account on the central reward server; selecting reward points from each of a plurality

of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account; and exchanging the selected reward points into the reward point exchange account. The Examiner admits that Harris does not disclose an exchange account or that reward points are selected from a plurality of user reward point accounts for exchange into the reward point exchange account as set forth in claim 3, but alleges that Walker "discloses the deficiencies of Harris". In particular, the Examiner points to column 7, lines 12-30 in alleging that reward points may be selected from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into a reward point exchange account, and then those selected reward points aggregated (exchanged) into the reward point exchange account, as set forth in claim 3.

The passage in Walker relied on by the Examiner provides:

The reward rules object 314 indicates whether any specific reward rules are applicable to the account member or sub-account holder 304 beyond those included in a frequent shoppers rules data base 400B, which will be discussed in more detail below with respect to FIG. 4B. For example, to encourage account usage by new members, points or rewards accrued by a new member may be enhanced (e.g., doubled) for an introductory period (e.g., six months). Similarly, a predefined affinity card or program selected by the member or sub-account holder 304-1 may impose particular reward rules regarding the accrual of "co-reward" points for the two programs. For example, an affinity frequent flyer program associated with the account identified 302 and the member or sub-account holder 304-1 may require the purchase of certain items (e.g., garment bags, travel kits and the like) at certain minimum value or cost levels before affinity reward points (e.g., frequent flyer miles) are awarded to the member or account holder 304-1.

All the Applicant can glean from this is that points awarded to a new user may be doubled for the first six months as a further incentive. This is of course not the same as selecting reward points from each of a ***plurality of user reward point accounts associated with different independently operating merchants*** for exchange into the reward point exchange account, and the central reward server computer ***exchanging the selected reward points*** into the reward point exchange account, as claimed in claim 3. This passage from Walker also states that rules may be imposed by the operator of a reward account to purchase certain items before awarding points to that member, such as by requiring purchase of garment bags or travel kits before awarding frequent flyer miles. This is of course not the same as selecting reward points from each of a ***plurality of user reward point accounts associated with different independently operating merchants*** for exchange into the reward point exchange account, and the central reward server computer ***exchanging the selected reward points*** into the reward point exchange account, as claimed in claim 3.

Thus, claim 3 is patentable for at least these reasons and is in condition for allowance.

Claims 4-6 and 21-22 are dependent directly or indirectly from claim 1 and are also in condition for allowance.

Claim 23 is new and provides for a reward points system comprising at least one issuing bank computer interoperable with a computer network and operated by an issuing bank that issues a card to a user in association with a user payment account at the issuing bank computer; at least one acquiring bank computer interoperable with the computer network and operated by an acquiring bank that collects payment from the issuing bank on



behalf of a merchant and pays the merchant when the user presents the card to the merchant in association with a purchase transaction; at least one transacting merchant computer interoperable with the computer network and operated by a transacting merchant, said transacting merchant being one of a plurality of independently operating merchants; a central reward server computer interoperable with the computer network and comprising a reward point account database for storing a plurality of individual user reward point accounts in association with each of the plurality of independently operating merchants, wherein the transacting merchant computer is adapted to transmit via the computer network a request to the acquiring bank computer to obtain from an issuing bank computer approval of a purchase transaction being executed with a user who has presented a card for payment of at least part of the transaction, said request comprising a user payment account ID as obtained from the card; transmit via the computer network an instruction to the central reward server computer to add reward points to a user reward point account in the reward point account database, the user reward point account being associated with the transacting merchant and the user payment account ID. As explained above with respect to claim 1, neither Harris nor Walker, taken alone or in combination, teach or suggest this invention; claim 23 is thus allowable.

Claim 24 is new, depends from claim 23, and provides that the central reward server computer further comprises a reward point exchange account associated with a user and is adapted to (i) enable the selection of reward points from each of a plurality of user reward point accounts associated with different independently operating merchants for exchange into the reward point exchange account, and (ii) exchange the selected reward

points into the reward point exchange account. As explained above with respect to claim 3, neither Harris nor Walker, taken alone or in combination, teach or suggest this invention; claim 24 is thus allowable.

Applicant thus submits that the entire application is now in condition for allowance, early notice of which would be appreciated. Should the Examiner not agree with the Applicants' position, a personal or telephonic interview is respectfully requested to discuss any remaining issues and expedite the eventual allowance of this application.

Respectfully submitted,

/arbarkume/

Anthony R. Barkume  
Attorney for Applicant  
Reg. No. 33,831

May 14, 2009  
20 Gateway Lane  
Manorville, NY 11949  
(631) 259-9099